

agreement is not required when additional funds are to be deposited unless requested by the financial institution.

(2) When the note and security instrument are signed by two joint borrowers or by both husband and wife, a joint survivorship supervised bank account will be established from which either can withdraw funds if State laws permit such accounts. In such cases both parties will sign the Deposit Agreement(s).

[46 FR 36106, July 14, 1981, as amended at 53 FR 231, Jan. 6, 1988]

§ 1902.7 Pledging collateral for deposit of funds in supervised bank accounts.

(a) Funds in excess of \$100,000, per financial institution, deposited for borrowers in supervised bank accounts, must be secured by pledging acceptable collateral with the Federal Reserve Bank (FRB) in an amount not less than the excess.

(b) As soon as it is determined that the loan will be approved and the applicant has selected or tentatively selected a financial institution for the supervised bank account, the District Director or County Supervisor will contact the financial institution to determine:

(1) That the financial institution selected is insured by the FDIC (banks), FSLIC (savings and loans), or NCUA (credit unions).

(2) Whether the financial institution is willing to pledge collateral with the FRB under 31 CFR part 202 (Treasury Circular 176) to the extent necessary to secure the amount of funds being deposited in excess of \$100,000.

(3) If the financial institution is not a member of the Federal Reserve System, it will be necessary for the financial institution to pledge the securities with a correspondent bank who is a member of the System. The correspondent bank should contact the FRB informing them they are holding securities pledged for the supervised bank account under 31 CFR part 202 (Treasury Circular 176).

(c) If the financial institution is agreeable to pledging collateral, the District Director or County Supervisor should complete FmHA or its successor agency under Public Law 103-354 Form

Letter 1901-A-2 "Designated Financial Institution—Collateral Pledge" in an original and two copies, the original for the National Office, the first copy for the State Office, and the second copy for the District or County Office. The FmHA or its successor agency under Public Law 103-354 Form Letter 1902-A-2 should be forwarded to the National Office at least 30 days before the date of loan closing.

(d) The National Office will arrange for the financial institution under its designation as a depositary and financial agent of the U.S. Government to pledge the requested collateral.

(e) If, two days before loan closing, the local FmHA or its successor agency under Public Law 103-354 office which requested the collateral has not received notification from National Office that collateral has been pledged, contact should be made with the financial institution to ascertain whether they have pledged collateral with their local FRB under 31 CFR part 202 (Treasury Circular 176). If the financial institution has pledged collateral, the local FmHA or its successor agency under Public Law 103-354 office should contact the National Office, Budget Division, Revolving Fund Analysis Branch who will follow-up with the local FRB concerning the collateral.

(f) When the amount of deposit in the supervised bank account has been reduced to a point where the financial institution desires part or all of the collateral released, it should contact the National Office at the address noted above. The local FmHA or its successor agency under Public Law 103-354 office will be contacted for release authorization. The authorization release will be made through the local FRB, with notification to the financial institution. The local FmHA or its successor agency under Public Law 103-354 office may also request release through the National Office.

[46 FR 36106, July 14, 1981, as amended at 53 FR 231, Jan. 6, 1988; 53 FR 24437, June 29, 1988; 56 FR 50648, Oct. 8, 1991]